

The apparel industry scope of operation marketing essay

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**ASSIGN
BUSTER**

Apparel industry is one of the biggest industries in Sri-Lanka. Apparel industry plays vital role in development of Sri-Lanka. Sri-Lankan industry develops more than 15% by apparel industry. Country's workforce, accounting for around half of country total export. Sri-Lanka is one of the top apparel producing in all over the world. Sri Lanka's apparel industry began to grow significantly in the 1980s as an alternative to India's garment manufacturers, because of its open economic policy as well as the trade and investment friendly environment. Under the Multi Fiber Agreement, quota regime Sri Lanka became an attractive new venue for businesses. In 1985, Martin Trust, one of the pioneers in the development of " speed sourcing" for the American fashion retail sector, began working with Sri Lankan textile and apparel companies. In 1986 and 1987 he established joint venture partnerships with The Omar Group (formerly known as LM Apparels and part of the Brandix group) and The Amalean Group which helped make the country more competitive through knowledge transfers and technology, attracting further foreign investors. These were the first of nearly two dozen joint venture companies in Sri Lanka which made the country competitive in the garment sector. Including Trust's partnership with German brassiere maker, Triumph International, and Sri Lankan company, MAS Holdings, to create a new venture called Bodyline.

Apparel Industry Scope of Operation

In Sri-Lanka, the apparel and garment industry in the country is work toward offering better price schemes to the buyers and develop their proficiencies in relation to design, product development and marketing. While highlighting the importance of designing the apparel industry, the design centre set up

by MAS in 2005, has helped the company to grow from a contract manufacturer to a company that provides a full fledged system to its customers. It has even aided them to develop design expertise for their business, there are also developing marketing wings and a design center which has added value to the products and services they provide to their consumers. There are also have instituted research and innovation centre which aims to bring together product, technical know-how and process innovation. This initiative helped them to develop ground breaking products which are functionally more productive and more luxurious. Besides product and technology innovation, there are also introduced lean manufacturing which facilitated innovation in process and fully renewed the manufacturing process of the company by enhancing product quality, waste removal, cost cutting.

Brief Profile, Vision & Mission, Milestones, Founder of the selected companies:

Brandix Lanka Ltd:

Brief profile:

Brandix Lanka Limited through its subsidiaries, engaged in developing, manufacturing, and marketing apparel in Sri-Lanka. Its offers women, Knitted, and printed fabrics, casual, sleepwear and lounge wear, briefs and accessories, including hangers, button, and threads. The company was formerly known as Lux Shirts (pvt) Ltd. And chande its name to Brandix Lanka Limited in 2002. Brandix Lanka Limited was founded in 1972 and based in

Colombo, Brandix Lanka Limited operates as subsidiary of Phonix Ventures Limited.

Vision and Value of the company:

Vision:

To be the inspired solution for branded clothing.

Value:

Integrity, Team. work, Customer Service, Learnig and Developement, Ownership and commitment

Management Body of the company:

Chairman: Desamanya Ken BalendraChief Executive officer:

AshroffomarDirector: AslamomarDirector: FirozomarDirector:

AjitJohnpillaiDirectoe: UdenaWickremasooriyaFinance Director:

TrevineJayasekaraDirector (Non- Executive): Priyan FernandoFounder of the Brandix Lanka LimitedMr. IshanDantanarayana – Chief People's Officer, Brandix Lanka (Pvt) Ltd.[1]

Selsan Clothing & Company:

Brief Profile

Selsan Clothing & Company is an exporter of Sri Lanka Pants, Trousers & Jeans products. Selsan Clothing was established in 2003 and currently operating as a SME family business, based in Sri Lanka having it's operations in Bangladesh as well. Our products range from mens, womens, teens, kids, sports, corporate, industrial / protective wear & accessories. In terms of

services we can assist our clients from the stage of development to door step delivery. Our products always sell well in the worldwide markets, including North America South America Western Europe Eastern Europe Eastern Asia Southeast Asia Mid East Africa Oceania. We consider quality as the most important and our clients as our god." at selsan clothing-we believe profits through-Values, Ethics & Social responsibility" We warmly welcome all friends from all over the world to be our business partners on the basis of equality and benefits to create a good future.[2]

Vision & Mission of the company:

Vision

to set the standard for quality, delivery and personalized friendly service in the apparel manufacturing industry.

Mission

to maximize growth within an ethical and socially responsible environment.
[3]

Board of Director of the company:

DhammikaPerera: ChairmanSampath Bank: Executive

DirectorMrSenanayake: Senior Investment OfficerMrRanilPathirana: Finance
Director

KanokaScreenprinting (Pvt) Limited:

The Chairman Mr. N. G. Dharmakeerthi was kept in his first step in 1987 for the screen printing industrial. With his courage and past 19 years experience opened his Owen factory as Kenoka screen printing (Pvt), ltd at Makuluduwa

in 2007. After that he is support service to export market with his sound of technical knowledge up now. Mrs. M. P. S. Kumari Peries who Director of company and she has been the backbone supporting the company development and is a committed and hard working individual who see through to the end.

Vision and Mission of the company:

Vision

To create inspiring solutions. To meet customer needs and provide results that exceeded. Customer expectation. To be the best . because together everyone achieve more.

Mission

To maintain quality and consistency in our product in socially responsible and professional manner. to seek new opportunities for growth and develop lasting relationships with our customers and partners to be company with global presence.[4]

History of Apparel Industry

Garment industry has an important place in Sri Lanka's economy. It has become Sri Lanka's largest export industry since 1986. It is also the country's largest net foreign exchange earner since 1992. Total value of export earnings in the sector was at US dollars 2, 424 million accounting for 52 per cent of the total export earnings in 2002. The contribution to the Gross Domestic Product (GDP) was 5. 3 per cent in 2002. This industry provides more than 330, 000 direct employment or 5 per cent of country's total

employment in more than 1,060 garment factories. Sri Lanka's garment exports have been largely governed by the Multi-fibre Arrangement (MFA) since 1978. The MFA is a system of export restrictions imposed by developed countries on textiles and garment exports originating in developing countries to protect the garment industry in developed countries. The Uruguay Round Agreement on Textiles and Clothing (ATC) of WTO succeeded MFA in 1995. According to the new rules, the sector is to be fully integrated into normal rules of WTO by phasing out MFA in four phases by 2005. Sri Lanka has already fulfilled its commitments under Phase I and Phase II of the elimination of MFA phasing out procedures. The government submitted to the Textiles Monitoring Body of WTO in 1996 and 1998 lists of items on which Sri Lanka is ready to accept the removal of quota. The third phase of integration became effective on January 2002. The MFA, by providing a ready market, has restricted Sri Lanka's exports but has protected it from competitors. Phasing out of MFA will open up more markets to Sri Lanka's exports, and at the same time will intensify competition from other developing countries. The future of the garment industry depends, to a large extent, on the ability to compete in free market where both garment producing developed and developing countries in the world will be players in the market. Over the last 20 years, a strong foundation has been laid for the industry, on which the future of this sector could be strengthened further and safeguarded. Yet there is much to be done to meet the challenges of intense competition in the coming years. This paper identifies the threats and challenges faced by the industry and assesses the capabilities and prospects of the sector to face them. The rest of the paper is structured as follows. Section II of this paper discusses the

international and domestic trade policy relating to textiles and garment industry. Section III examines the nature of Sri Lanka's textiles and garment industry and its challenges. Section IV provides the challenges that the garment industry face in the global environment and possible challenges in the post-MFA period. Section V evaluates the impact of liberalisation of world textiles and garment industry and Section VI identifies the areas in which the textiles and garment sector could maximize existing capacity to achieve its goals and objectives.

1. 2 Role in the Economy of Selected Country

1. Contribution of GDP and GNP of Apparel Industry in Sri-Lanka

Contribution in GDP of Apparel Industry in Sri-Lanka:

Year

GDP

Year

GDP

2001-1. 50% 20076. 80% 20024% 20086% 20035. 90% 20093. 50% 20045.

40% 20108% 20056. 20% 20118. 20% 20067. 70% 20127. 50%

From the above table we can interpret that in the initial stage the apparel industry is not paid contribution for growing the country. But after that the Apparel industry grows and by the help of government support they can grow their industry. As compared to other years in 2011 and 2012 the apparel industry provides more

contribution in growing the country. So, now apparel industry is on growing stage.

Contribution of GNP of Apparel Industry in Sri-Lanka:

Year

GNP(Billion)

Year

GNP(Billion)

1982\$14. 11996\$38. 21984\$16. 11998\$43. 61986\$19. 12000\$49.

81988\$21. 22002\$53. 41990\$24. 72004\$631992\$28. 82006\$76. 41994\$33.

82008\$89. 9Unlike gross domestic product (GDP), which defines production based on the geographical location of production, GNP allocates production based on ownership. At initial stage the GNP of Sri-Lanka is very low. After that it is continuously increase. Contribution of apparel industry in GNP is increasing. It shows that the industry is on growing stage. In 2006 and 2008 the contribution of apparel in GNP is \$ 76. 4 billion and \$ 89. 9 billion respectively.

2. Contribution in National Income of selected country

Particular20102011GNI (\$ Billion)4959GNI Per capita income23492804Share in the world GNI, (in %)0. 770. 84Growth rate of GNI, %119. 5120. 4The GNI is similar to the gross national product, expect that in measuring the GNP one does not deduct the indirect business taxes. Gross National Income of Sri-Lanka in 2011 is 3. 04%.

3. Contribution in Budget Income of selected country:

The budgeted income of the Sri-Lanka of last Budget is \$8. 495 billion

4. Contribution in Foreign Investment of selected country:

In Sri-lanka 322 million dollars of the 1. 0 billion \$ secured in 2011, was invested in manufacturing, which represented a 101% increase over a year earlier. The bulk of the investment was in services and infrastructure, which increased 107% on the previous year to \$706 million. In the 2011 annual report, the Central Bank of Sri-Lanka, this tips \$2billion FDI this year. And last year's FDI in manufacturing was generated. The former state-run steel giant was sold off to a foreign investor few years ago, under a privatization drive. Tourist arrivals have swelled into Sri-Lanka, since the government ended the decades long ethnic conflict with the Tamil Tiger separatists in May 2009.

2. 1. Organization Structure or Industry Structure

1. Unorganized or organized (Proportion, trend Etc.):

In apparel industry organized and unorganized sectors are as under:

Organized Structure TypeApparel

IndustryPercentageUnorganized75%Organized25%

2. Type of Organization Structure:

In apparel industry types of organized structure as under: Type of

StructureApparel IndustryCentralizedDecentralized

3. Hierarchy & Departments in selected company

2. 2. Functions and Business Activities of selected Industry

1. Forms of Business (Sole proprietorship, partnership Etc.): Forms of Business
Srilankan Rubber Industry
Sole Proprietorship
Partner ship
HUFCo-operative

2. Business Customs & Practices:

Industry leaders have moved corporate responsibility and compliance into their sourcing business units. A significant change came at Levi Strauss & co. when " each global sourcing team became accountable for social and environmental standards. " Nordstrom realigned its independent corporate social responsibility team into each of its business units-Men's, women's, footwear, etc. The CSR experts now " sit with the brand and they have a dotted line reporting into the director of supply chain responsible for sourcing decisions." Companies also link factory performance to management performance reviews and compensation. At one company, " many people at various levels of the organization have social and environmental sustainability targets included in their work plans, and they are evaluated on them annually. Corporate staff and management on compliance issues, training is necessary. Staff must understand the " bigger picture" of the true and total cost of bringing goods to market. Phillips-Van Heusen considers it important that training in the ripple-effects of purchasing practices be extended throughout the company.

3. Transportation & Communication System needed for specific Industry:

Sri Lanka is having much advantage on the infrastructure conditions against other apparel manufacturing countries in South Asia mainly due to its strategic location. Present expansion in Bandaranayke airport at Katunayake and also newly suggested port at Hambanthota area will provide positive initiatives towards the transportation infrastructure as input/output port for apparel exporters. Also the efficiency in customs procedures complement each other in minimizing transit periods for shipments involved in international trade have made Sri Lanka more internationally competitive. The rates of telecommunication charges (IDD rates) are clearly cut down for certain countries (USA/UK) with the use of new technology internet calling. This is a major advantage for Sri Lankan apparel industry as most buyers are concentrated in US & EU countries

Modes of Transportation

Modes of Transportation	SrilankanApparel Industry	Railway	Road	Sea	Modes of
Communication	Srilankan Apparel Industry	Telephonic	E-Mail	Post	

4. Labour Force (Size, Potential Etc.):

Nos

Name of Company

Total Employees

1	Brandix Apparel Ltd	1, 000	2	Berhard Botejue Industries Limited	1,
2	003 Comfortwear Pvt Ltd	1, 500	4	Eskimo Fashion Knitwear Pvt Ltd	2,
5	005 Hirdramani Industries Limited	1, 160	6	Noyon Lanka Pvt	

Limited2507Smart Shirts Lanka Ltd12, 0008Tip Top International Pvt
Ltd109Brandix Textile Ltd1, 00010Emerald International Pvt Ltd1, 20011Gaath
Lanka Pvt Ltd4012Interfashion Private Limited1, 00013Sintesi
Limited20014Texwin Clothing Pvt Limited1, 10015Tolarams Industries Pvt
Limited2, 000Apparel industry provides more employment to their
customers. It provides more employment as compare to other industry. More
than 30, 000 peoples of Sri-Lanka is dependent upon apparel industry. Also
labour force is available for apparel industry. 5. Development in science &
technology, Current technology Available (Computers Machinery, tools Etc.),
Percentage of GNP Invested in R & D, Technological Skills of Labur Force &
General Population

Development in science & technology, Current technology Available:

Investment in technology

Technology used in production is considered to be a highly important factor as it determine the quality of output, time consumed for production which ultimately decides the lead time.

Investments are to be made in order to upgrade the technology in use. This will enable the country to be in par with the global trends and the other competitors. Usage of obsolete technology will indeed act as a barrier in the apparel industry. Sri-Lanka is currently challenged by the above situation as many factories other than few large players, do not possess advance technology in manufacturing and designing.

The technology levels of the apparel industry vary significantly at present:

The ratio of worker and machine is 1. 8: 1. This is compared to our competitor high. The ratio of competitors is 1. 2: 1. The apparel industry and technology both grow with each other.

By this way investment technology define in different parts. It is capable to servicing the industry in the way of quick response time and efficient manufacturing process.

The diversified manufacturing system helps product and efficiency could be improved and also they can reduce the production cycle time.

Marketing Technology focus on new application of Automatically Identification and Data Capture (AIDF). Electric Data In charge (EDI) facility to improve global supply chain management and customer relationship management. This effectively opens window of access for buyers and manufacturing site.

Information technology, informs technology to focus on effective use of information and aid the efficient management of resources within organization.

Enterprise Resource Planning (ERP) software such as SAP, BARN and ID Edwards which help to effectively streamline manufacturing operations, would add much value to the industry.

Value chain Model:

Support Activity

ServicesSales and MarketingInbound

LogisticOutboundLogisticOperationAdministration and InfrastructureHuman resource ManagementProduct/ Technology/ DevelopmentProcurement

Primary Activity

Synthetic Fibers(oil, Natural Gas)Natural fibers(cotton, wool, silk etc...)Raw Material NetworkpetrochemiclesYarn (Spinning)Component NetworksSynthetic fibersFabric (Weaving, Kitting, Finishing)Asian Garment ContractorsUs garment factories(Designing, clothing, sewing, buttoning, ironing)ProductionDomestic overseas subcontractorsDomestic &Mecsicanlcaribbean basic sub contractors NetworkBrand named apparelOverseas buying officesTrading companiesExport NetworkOff price

factory outlet, mail orderOff price factory outlet, mail orderSpeciality StoresDepartment StoresSpeciality StoresDepartment StoresMass Merchandise ChainsDiscount ChainFrom the above value chain model industrial commercial; chain promoted globalization. There are different networks are used by the apparel industry. Those areRaw material networkComponent networkProduction networkExport networkThere are two types of international economic network. Producer drivenBuyer drivenProducer driven value chain are large, usually transitional, manufactures play middle role for coordinating production networks. This is technological incentive production method. In buyer driven value chain large retailers, marketers and branded manufactures play and provide role of setting up decentralized production network in the different countries. The company produce without factories with the physical production of goods separated from the designing and marketing. Producer driven chain is combination of high value research, design and marketers to act as strategic broker in linking overseas factories and traders with the product niches in the consumer market.

3. 1COMPARATIVE POSITION OF APPAREL INDUSTRY OF SRI LANKA AND INDIA

Particulars

Sri lankaAppeal industry

Indian Appeal industry

TechnologyBackwardForwardPricingRelatively HighRelatively

lowCommunicationTransportationDistributionUsageFestival, Regular

Bases Festival, Regular Bases Purchase Pattern Direct & Indirect Direct & Indirect Target Market Kids & Youngsters Kids & Youngsters Raw Material Availability Natural Resources

Compare Technology Advancement

India is more competitive in technology needed in apparel industry, compared to that of Sri Lanka. India have adopted Backward and Forward Integration in Apparel sector, where as Sri Lanka is better in only Forward Integration. India has competitiveness in mainly 3 technologies, i. e. Ginning, Spinning and Weaving & Knitting processes. It has leadership in Handloom materials. Sri Lanka imports more than 50% of raw materials from different countries and then exports the finished goods. Sri Lanka is backward in manufacturing of raw material at cheaper cost and so it imports at larger extend from India. It has started the best technology in Garment Industry, world's 1st Eco-friendly " Green Garment Factory" for providing eco friendly products by reducing bills and producing environmental friendly products. Still, Sri Lanka needs to adopt and make efficient technologies like " Supply Chain Management and Enterprise Resource Planning".

Pricing

Prices in India are lower than Sri Lanka. The cost of labor and machines used are much lower compared. Also, much part consists of labor intensive technologies. Whereas, Sri Lanka have high labor cost and as a result high prices of products. They have strategy of quoting price by adding profit to cost but as cost of production are high; the net price is also high. Therefore,

Sri Lanka imports most of the raw material from India to save cost and achieve high profit.

Usage

Mainly, apparels are consumed on festivals in both the countries. In India it is mainly consumed during Diwali, Idd, and other important festivals of Christians and Sikh. While in Sri Lanka it is mainly consumed at the eve of Vesak, Kandy EsalaPerahera and even on Diwali.

Purchase Pattern

Purchase pattern is of 2 kinds:- Direct Purchase and Indirect Purchase. In India and in Sri Lanka, both, purchasing pattern is same. Both purchase using Direct as well as Indirect Purchasing Pattern. The person who wants apparel, can either purchase himself (Direct Pattern) or anyone can purchase on his behalf (Indirect Purchase).

Target Market

Generally apparel is a product which is being consumed by everyone in every country. So the Target Market for this industry is Kids, Youngsters, Men and Women. People of all ages need apparel and so there is Full Market Coverage and no different segmentation.

GDP Contribution of India

As per the ministry of textiles apparel sector contributes 14% to industrial production, 4% to GDP and 17% towards export earnings. As per estimation it is said that the Indian apparel and textile share would be increased in the

world to 8% from present level of 4. 5% and by 2020 will reach to US\$80billion.[i]

GDP Contribution of Srilanka

As per 2010 data, the apparel sector of srilankahas contributed 10% of country's GDP accounting for US\$ 3. 2 billion.[ii]

Transportation of Apparel in India

In India transportation of apparel is done through various ways like railways, airways, roadways and waterways.[iii]

Transportation of Apparel in Srilanka

In srilanka majority of transportation is mainly based on roadways since it is centered in Colombo moreover there are also railway network, waterways, airways and harbors.

Communication system in India

In India various modes are adopted to communicate or to aware the customers about apparel sector, it is through newspaper, magazines, internet, television, leaflets etc. Thus in order to aware the customers about the sector various modes are available.

Communication system in Srilanka

In Srilanka the various modes adopted for communicating or awaring the customers about the apparel sector is newspaper, magazines, internet, television, leaflets etc.

Distribution System in India

In India the distribution channel is extensive and consists of wholesalers, distributors and small retailers selling garments and textiles. Moreover there are agents who help the producer in getting order for the product.[iv]

Distribution System in Srilanka

In Srilanka the distribution is similar to that of India. The only point where it lacks as compared to India is that they have to import raw material and there are retail distribution channel & networking that is selling the apparels through retailers and owned distribution which are generally carried by large scale producers they have their own chain of distributors.

Availability of Raw Material in India

India is naturally blessed with easy availability of raw materials required in apparel sector but specialised and high technological material are not manufactured sufficiently. A large variety of fibres like cotton, silk, jute and other fibres are available in India. Since many year the growth in production of cotton has increased the availability of raw cotton at competitive price providing it a push in the global market.

Availability of Raw Material in Srilanka

Srilanka is not blessed with easy availibilty of raw material that is required in apparel sector as a result it is heavily dependent on imports which affects the pricing pattern. Their only core strength is producing readymade garments.

Natural Resources in India

India is self sufficient in production of cotton that is required in apparel sector. India is largest in production of jute and second largest in production of cotton, silk and cellulose fiber. The country ranks fifth in production of Synthetic fibres and sixth in producing clean wool.

Natural Resources in Srilanka

Srilankan apparel market is totally dependent on imports. They're only core strength is production of ready made garments and they even lack in adopting latest technologies